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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

78-9526

OLC #78-2606

July 3, 1978

Admiral Stansfield Turner  
Director of Central Intelligence  
Washington, D. C. 20505

Dear Admiral Turner:

This letter provides Presidential policy guidance for preparation of your fiscal year 1980 budget.

Economic conditions and the President's commitment to contain the growth of the Federal Government will not permit the kind of budget growth for 1980 now indicated by current policies and plans.

The President is determined to reduce the budget deficit for 1980 significantly below the deficit now expected for 1979. To reach this goal, budget outlays must be reduced below the levels that would result if present programs and policies were extended unchanged. This means that new programs or program expansions will be extremely difficult to accommodate.

The dollar planning ceilings established by the President for the National Foreign Intelligence Program (NFIP) under the multi-year budget planning system are shown in Enclosure 1. They recognize the need to hold down the rate of spending in 1980, 1981, and 1982.

The President expects you to keep your recommendations for the 1980 and subsequent budgets within the ceiling amounts provided. To comply with the President's direction, programs should be held to the lowest feasible levels. You should propose elimination of marginal and ineffective programs and cut back on lower priority programs, proposing any legislation necessary to do so. If necessary to reach the ceilings specified, actions affecting 1979 budget authority should be proposed.

CLASSIFIED BY ..... James T. McIntyre, Jr. ....  
EXEMPT FROM GENERAL DECLASSIFICATION  
SCHEDULE OF EXECUTIVE ORDER 11652  
DISPOSITION CATEGORY 5B(2) .....  
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Your budget recommendations this September must represent both the most desirable mix of programs that can be devised and the most politically attainable way to keep within the budget ceilings. You should be prepared to defend your recommendations as being politically feasible as well as programmatically sound.

The President has asked that you make a special review of operating and administrative expenses with the objective of finding ways to economize wherever possible. As part of this effort, he expects you to use personnel more effectively and has asked that you plan to reduce personnel in the NFIP below the current ceiling for 1979. Employment planning ceilings for 1980 are shown in Enclosure 2. Your budget plans should be developed so as not to require more personnel than set forth in the enclosure.

Within these budgetary constraints, you are responsible for determining the appropriate levels for your programs and for allocating your available resources so as to achieve the President's major policy and program objectives. The zero-base decision packages included in your budget submission should indicate clearly how agency budget plans will contribute to the accomplishment of these objectives.

Your program-wide ranking, submitted as part of your zero-base budget justification materials, will clearly indicate those program levels that fall at or below your planning ceilings. You may wish to suggest additional items (in the form of separate decision packages) beyond your planning ceilings with the understanding that the likelihood of their inclusion in the President's Budget depends upon the identification of feasible savings in other programs. You should also understand that final determinations on the 1980 budget totals depend on economic and other conditions that are subject to change, and that OMB might find it necessary to recommend, and the President to decide upon, a total budget request for the NFIP that falls below the planning ceilings listed in Enclosure 1.

As you know, the President has asked for a crosscutting review of the entire U.S. space program in the development of the 1980 budget, including both civilian and national security programs. I ask that you cooperate fully with my staff in developing material for this review.

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The President needs your assistance in evaluating the various options in your areas that will confront him for the budget year. In this connection, special study efforts and analyses should be completed or sufficiently well along to permit informed decisions by the President for the 1980 budget. Of special concern to us are:

- a. Treaty verification needs against Soviet strategic forces and the options.
- b. Warning of Warsaw Pact attack against NATO and alternative improvements.
- c. Alternatives to improve intelligence on political, economic, and non-communist military subjects.

The initial submission of many of the materials for the joint ICS/OMB review of the budget will be due on September 15, 1978 as indicated in section 15.1(a) of OMB Circular No. A-11. The composition of this initial submission of budget materials will be discussed with your department by members of my staff. However, at a minimum, it will include all decision package sets agreed upon for submission to the joint review as well as rankings for each of the submissions. It is essential that this initial submission be carefully prepared and be submitted on time to provide sufficient time for thoughtful consideration of the issues and the desirable interchange of views. Rankings by the Director, DIA of all general defense intelligence activities and by the Director, NSA of all signals intelligence activities should be available by October 15. DCI rankings, similar in format and level of detail to last year, should rank decision packages from a minimum well below FY 1979 funding levels in real terms and should be provided by not later than November 15 for review by OMB and the President.

I wish to stress again this year the importance of developing and submitting your legislative proposals for the next session of the Congress concurrently with your budget requests, as prescribed in section 6 of OMB Circular No. A-19. Proposals that involve budget authority and outlays must be reflected in your budget submission as separate decision packages (showing, of course, five-year projections of their impact) to assist the President in establishing overall budget and program plans

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for 1980 through 1982 and the years beyond. You should note also that under section 607 of the Congressional Budget Act: (1) any request for legislation authorizing new budget authority to continue a program or activity through 1981 must be submitted to the Congress not later than May 15, 1979; and (2) any request for legislation authorizing new budget authority for a new program or activity that is to continue for more than one fiscal year must be submitted to cover at least two fiscal years.

Sincerely,



James T. McIntyre, Jr.  
Director

Enclosures

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